Parkson Corp Sdn Bhd v Fazaruddin bin Ibrahim (t/a Perniagaan Fatama)

COURT OF APPEAL (KUALA LUMPUR) — CIVIL APPEAL NO J-02-132 OF 1999

GOPAL SRI RAM, ABDUL KADIR SULAIMAN AND ALAUDDIN JJCA

10 APRIL 2002

Civil Procedure *— Damages — Assessment of damages — Trade description order granted pursuant to s 16 — No order awarding damages — Whether an award of damages could be made*

Statutory Interpretation *— Aids to construction — Preamble — Preamble to Trade Descriptions Act 1972 provided that the Act was enacted to consolidate and amend the laws relating to merchandise marks with new provisions prohibiting misdescription of goods and for related purposes — Trade description order granted pursuant to s 16 — Whether an award of damages could be made in proceedings under s 16 of the Act — Whether an applicant moving the court under s 16 was only entitled to the specific remedy provided therein*

Trade marks *— Trade description — Trade description order — Trade description order granted pursuant to s 16 — Whether an award of damages could be made in proceedings under s 16 of the Trade Descriptions Act 1972 — Whether an applicant moving the court under s 16 was only entitled to the specific remedy provided therein — Trade Descriptions Act 1972 s 16*

The respondent obtained, by way of an ex parte originating motion from the Johor Bahru High Court, a trade description order ('TDO') under s 16 of the Trade Descriptions Act 1972 ('the Act'). The appellant applied to set the TDO aside but failed. Having failed, the appellant appealed but subsequently withdrew its appeal. Thereafter, the respondent took out a summons in chambers and in it, the respondent prayed for assessment of damages and for an account of profits. The learned judge who heard the application granted it and directed the assessment of damages before the senior assistant registrar. This was the appellant's appeal against the judge's decision. The issues to be determined in this appeal were whether: (i) an award of damages could be made in proceedings under s 16 of the Act; and (ii) an assessment could be ordered when there was no award for damages.

Held, allowing the appellant's appeal:

(1) The Act was enacted to consolidate and amend the laws relating to merchandise marks with new provisions prohibiting misdescription of goods and for related purposes. A party whose trade mark or trade description had been infringed was therefore entitled to approach the court to obtain a trade description order under s 16 of the Act and an applicant moving the court under s 16 of the Act was only entitled to the specific remedy provided

by it. If Parliament had wished to confer jurisdiction upon a court making an order under s 16 to also award damages, it would had said so expressly. What Parliament had intended here was to only criminally punish the infringer of merchandising marks and the perpetrator of any other act or omission specifically prescribed by the Act (see pp 127H, 128D–E).

(2) Two authorities in support of the argument that an order for damages can be made were instances where the application to set aside the TDO succeeded (see p 128H). It is entirely consonant with justice that the person who invokes s 16 of the Act, if he fails to maintain his position, to be ordered to pay damages to a person who has successfully vindicated his rights in his application to discharge a TDO (see p 129A–B). But that does not mean that an applicant, in addition to obtaining a TDO, is also entitled to damages (see p 129B–C). It is trite law that there can be no assessment of damages unless there is an order awarding damages (see p 129D); *Cho Heng Rice Vermicelli Factory Co Ltd v Rifetra Sdn Bhd* [1997] 5 MLJ 249 and *Enkei Automotive Co Ltd & Ors v Bright Rims Manufacturing Sdn Bhd & Ors* [1998] 4 MLJ 474 distinguished and *Lai Yoke Ngan & Anor v Chin Teck Kwee & Anor* [1997] 2 MLJ 565 followed.

[Bahasa Malaysia summary

Responden telah memperolehi satu perintah perihal dagangan ('PPD') di bawah s 16 Akta Perihal Dagangan 1972 ('Akta tersebut') melalui satu usul pemula ex parte dari Mahkamah Tinggi Johor Bahru. Perayu memohon supaya PPD diketepikan tetapi gagal. Setelah gagal, perayu membuat rayuan tetapi selepas itu menarik balik rayuannya. Berikutnya, responden telah mengambil saman dalam kamar tersebut, responden memohon penilaian ganti rugi dan untuk akaun keuntungan. Hakim yang arif yang mendengar permohonan tersebut telah membenarkannya dan mengarah penilaian ganti rugi dibuat di hadapan penolong kanan pendaftar. Ini merupakan rayuan perayu terhadap keputusan hakim tersebut. Isu-isu untuk diputuskan dalam rayuan ini adalah sama ada: (i) satu award ganti rugi boleh dibuat dalam prosiding di bawah s 16 Akta tersebut; dan (ii) penilaian boleh diperintahkan walhal tiada award untuk ganti rugi.

Diputuskan, membenarkan rayuan perayu:

(1) Akta tersebut digubal untuk mencantum dan meminda undang-undang berkaitan tanda barang-barang jualan dengan peruntukan baru yang melarang salah huraian barangan dan tujuan-tujuan yang berkaitan. Oleh itu, pihak yang mana tanda niaga atau perihal dagangannya telah dimungkiri berhak untuk memohon daripada mahkamah satu perintah perihal dagangan di bawah s 16 Akta tersebut dan seseorang pemohon yang memohon mahkamah

di bawah s 16 Akta tersebut hanya berhak untuk mendapat remedi khusus yang diperuntukan di bawah seksyen tersebut. Andainya Parlimen berhasrat mengurniakan bidang kuasa ke atas mahkamah yang membuat satu perintah di bawah s 16 Akta tersebut untuk juga mengawardkan ganti rugi, sudah tentu ia akan menyatakan demikian secara jelas. Apa yang dihasratkan oleh Parlimen di sini hanyalah untuk menjatuhkan hukuman jenayah terhadap penceroboh tanda barang-barang jualan dan orang yang melakukan kesalahan atau meninggalkan mana-mana perbuatan yang telah ditetapkan secara khusus oleh Akta tersebut (lihat ms 127H, 128D–E).

(2) Dua autoriti yang menyokong hujah bahawa sesuatu perintah untuk gantirugi boleh dibuat adalah merupakan keadaan-keadaan di mana permohonan untuk mengetepikan PPD dibenarkan (lihat ms 128H). Adalah selaras dengan keadilan bahawa seseorang yang menggunakan s 16 Akta tersebut, jikalau beliau gagal mengekalkan keadaannya, akan diperintah supaya membayar gantirugi kepada seseorang yang berjaya membebaskan hak-haknya di dalam permohonannya untuk mengetepikan PPD (lihat ms 129A–B). Akan tetapi, ini tidak bermaksud bahawa seseorang pemohon, selain daripada mendapat PPD, juga berhak untuk mendapat gantirugi (lihat ms 129B–C). Ia merupakan undang-undang bahawa gantirugi tidak dapat ditaksirkan kecuali jika terdapat suatu perintah yang mengawardkan gantirugi (lihat ms 129D); *Cho Heng Rice Vermicelli Factory Co Ltd v Rifetra Sdn Bhd* [1997] 5 MLJ 249 dan *Enkei Automotive Co Ltd & Ors v Bright Rims Manufacturing Sdn Bhd & Ors* [1998] 4 MLJ 474 dibeza dan *Lai Yoke Ngan & Anor v Chin Teck Kwee & Anor* [1997] 2 MLJ 565 diikut.

Notes

For cases on assessment of damages, see 2 *Mallal's Digest* (4th Ed, 2001 Reissue) paras 1919–1927.

For cases on preamble, see 11 *Mallal's Digest* (4th Ed, 1996 Reissue) paras 1402–1407.

For cases on trade description order, see 12 *Mallal's Digest* (4th Ed, 2000 Reissue) paras 1706–1714.

Cases referred to

Cho Heng Rice Vermicelli Factory Co Ltd v Rifetra Sdn Bhd [1997] 5 MLJ 249 (distd)

Enkei Automotive Co Ltd & Ors v Bright Rims Manufacturing Sdn Bhd & Ors [1998] 4 MLJ 474 (distd)

Lai Yoke Ngan & Anor v Chin Teck Kwee & Anor [1997] 2 MLJ 565 (folld)

Metal Industry Employees Union v Registrar of Trade Unions & Ors [1976] 1 MLJ 220 (refd)

A *Pasmore v Oswaldtwistle Urban District Council* [1898] AC 387 (refd)
Tan Chye Choo & Ors v Chong Kew Moi [1970] 1 MLJ 1 (refd)
Wilkinson v Barking Corporation [1948] 1 KB 721 (refd)

Legislation referred to

B Rules of the High Court 1980 O 92 r 4
Trade Descriptions Act 1972 s 16(3)

Appeal from: Originating Motion No 25–15 of 1994 (High Court, Johor Bahru)

C *DP Naban* (*Lee Hishammuddin*) for the appellant.
Shaari Nor (*Brian Komathi & Partners*) for the respondent.

Gopal Sri Ram JCA (delivering the judgment of the court): This is, in totality, a plain case. The facts are not in dispute. Neither is the law unsettled.

D In brief, the respondent, on 7 July 1994, obtained by way of an ex parte originating motion from the Johor Bahru High Court, a trade description order ('TDO') under the Trade Descriptions Act 1972 ('the Act'). Later, the appellant who was obviously the primary target of the said TDO, applied to set it aside. It failed. The proceedings to set aside a TDO are usually heard on affidavit evidence. Cross-examination is seldom, if ever, E ordered. This is because the issue in such proceedings turns on the physical nature or impression of the mark in question. A merchandising mark either resembles another or it does not. Oral evidence does not and cannot help in the determination of that issue. It is a question of judicial impression. In other words, it is a question of law for the judge to determine whether the F requirement of s 16 of the Act has been complied with in a particular case.

We make this aside *en passent*, because we notice that in the present case, unusually, an oral hearing was directed in the form of cross-examination of the deponents of the affidavits. Whether this was an advisable course, we are not prepared to say. But we do remind counsel engaged in the practice of trade mark law to bear in mind the purposes for G which s 16 of the Act exists and the nature and methodology of an application to set aside an order made under it.

Having said that, we return to the mainstream. Having failed, the appellant appealed. But it withdrew its appeal. Later still, the respondent took out the summons in chambers dated 6 August 1998 ('encl 38'). In it, H the respondent prayed for assessment of damages and for an account of profits. The learned judge who heard the application granted it and directed the assessment of damages before the senior assistant registrar. In the course of the judgment below, in support of the order made, this is what the judge said:

I > Indeed it would be wrong not to award damages to Fazaruddin. It is now trite law that the governing purpose of awarding damages is simply to put the party whose rights have been violated in the same position, in so far as money can do so, as if his rights had been observed (*Sally Wertheim v Chicoutimi Pulp Co*

> [1911] AC 301). Then there is the rule which says that if the aggrieved party were to relentlessly pursue the matter with diligence, it would ultimately provide him with a complete indemnity for all the loss de facto which results from a particular breach, notwithstanding that it is improbable or unpredictable. Some may say that it is a harsh and draconian rule.

The appellant has now appealed to us complaining that the learned judge ought not to have directed an assessment of damages. We heard arguments from both sides on 2 April and adjourned it for continued hearing to this morning because a point arose in the course of argument upon which we required further assistance from counsel on both sides. The point is this: can an award of damages be made in proceedings under s 16 of the Act? The other point which is before us for decision was argued by the appellant, namely, whether an assessment could be ordered when there is no award for damages. We will deal with each of these points in turn.

In a carefully developed argument, En Shaari Nor for the respondent with his usual ability, formulated three submissions in support of the learned judge's conclusion. According to counsel, there is power in a court making a TDO under s 16 of the Act to make an award for damages. This is because: (i) there is nothing in the Act which says that such an award cannot be made; (ii) the preamble to the Act makes it clear that the Act is directed not only at misleading marks and false or misleading indications as to the price of goods, or prohibiting the making of false or misleading statements in the course of a trade or business, but it is also directed at related purposes; (iii) in any event, it is implicit from s 16(3) of the Act that civil proceedings are envisaged by the Act, that is to say, apart from the criminal proceedings sanctioned by s 3 of the Act, and such civil proceedings must relate to damages; (iv) the presumption in favor of preservation of common law remedies has not been rebutted either expressly or by implication by any provision of the Act; and (v) the Act should be read in such a way as to avoid inconvenience and unnecessary expense to the parties who come before a court in the proceedings under the Act.

Additionally, counsel argued that the learned judge was right in the circumstances in the present case to make an award for assessment of damages because liability has been established against the appellant. The appellant had withdrawn its appeal. Therefore, it has conceded that it was liable to the respondent. Further, at the hearing of the appellant's summons to set aside the TDO, evidence was led by the respondent to show an infringement and he had thereby established a claim for damages. Therefore, in the ordinary course, there was nothing wrong in the judge first finding liability and then at later date, ordering the assessment of damages. In any case, a claim for damages was made in one of the affidavits filed in opposition to the appellant's summons to set aside the TDO.

Mr Naban for the appellant had argued at the previous hearing — we did not think it necessary to trouble him today — that there ought to have been an order awarding damages made in the first place before assessment could have been directed. More fundamentally, s 16 of the Act is constructed in such a way as to merely provide a limited remedy to an

applicant who moves under it. The present proceedings were in excess of the limited scope of s 16 of the Act.

Before we deal with the issues raised in this appeal, it is best to remind ourselves what s 16 of the Act actually says, and this is what it says:

> (1) Where any person being a proprietor or registered user of a registered trade mark within the meaning of any written law relating to trade marks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established —
>
> (a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or
>
> (b) in the case of a trade or other mark or get-up for any goods or services, that his rights in respect of such trade or other mark or get-up are being in the case infringed in the course of trade as a result of which he has a right of action for passing off,
>
> the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up, as the case may be, is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.
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> (2) An order of the High Court made under this section may be referred to as a trade description order.
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> (3) A subsisting trade description order made by any High Court in Malaysia shall be admissible in evidence in any proceedings under this Act in which it is relevant as conclusive proof of a false trade description.
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> (4) A trade description order shall expire at the end of five years from the date on which it is made unless it is renewed by the High Court upon such terms and for such further period of time as the High Court may decide on the application of the person referred to in sub-s (1) or his successor in title.
>
> (5) The Minister shall cause a public register of trade description orders to be established and maintained.

This provision is new. There is no right at common law for a party complaining that his mark or other device or trade description has been infringed to approach the court either ex parte or inter partes to obtain an order such as that provided by s 16 of the Act. Any such complaint to be actionable must satisfy the elements of the well-known tort of passing-off and related torts, such as malicious falsehood. That the remedy provided by s 16 of the Act is novel is made patently clear by Parliament in the preamble of the Act, which in its material part reads:

> An Act to consolidate and amend the laws relating to merchandise marks with *new provisions* prohibiting misdescription of goods ... and for related purposes. (Emphasis added.)

The present case accordingly falls to be covered by the established principle, which deals with the consequences of Parliament providing a novel or new remedy. The principle is ancient. It has been adverted to in numerous cases. We do not propose to go through them all here. Suffice that we mention the seminal cases. Of these, the first is *Pasmore v*

Oswaldtwistle Urban District Council [1898] AC 387, where (at p 394) the Earl of Halsbury LC said:

> The principle that where a specific remedy is given by a statute, it thereby deprives the person who insists upon a remedy or any other form of remedy than that given by the statute, is one which is very familiar and which runs through the law.

The second is *Wilkinson v Barking Corporation* [1948] 1 KB 721, where at p 724, we find Asquith LJ saying this:

> It is undoubtedly good law that where a statute creates a right and, in plain language, gives a specific remedy or appoints a specific tribunal for its enforcement, a party seeking to enforce the right must resort to that remedy or that tribunal, and not to others.

These cases have been applied repeatedly by the apex courts of this country. See for example, *Tan Chye Choo & Ors v Chong Kew Moi* [1970] 1 MLJ 1. See also *Metal Industry Employees Union v Registrar of Trade Unions & Ors* [1976] 1 MLJ 220.

Applying this settled principle to the present case, it is clear that an applicant moving the court under s 16 of the Act is only entitled to the specific remedy provided by it.

If Parliament had wished to confer jurisdiction upon a court making an order under s 16 of the Act to also award damages, it would had said so expressly. It is therefore plain that what Parliament intended was to only criminally punish the infringer of merchandising marks and the perpetrator of any other act or omission specifically prescribed by the Act. We therefore, with as much respect as we can gather, reject the principal submission made by En Shaari Nor about the way in which s 16 of the Act should be construed.

Additionally, we would observe that Parliament has left it to the parties to resort to the usual common law remedy, for example, the tort of passing-off. That is why it has not expressly barred the bringing of such action despite the TDO. So far as the s 16(3) argument is concerned, we think that it is sufficiently met by the comment made by our learned brother, Abdul Kadir bin Sulaiman JCA, in the course of argument. As our learned brother observed, s 16(3) of the Act is a mere evidential provision enabling the use of the TDO only in proceedings under the Act.

Having reached the conclusion we have, all the arguments advanced by the counsel of the respondent, so far as the effect of s 16 of the Act is concerned fall by the way side.

On the previous occasion, when parties opened their respective cases before us, our attention was drawn to two authorities in support of the argument that an order for damages can be made. These are the cases of *Cho Heng Rice Vermicelli Factory Co Ltd v Rifetra Sdn Bhd* [1997] 5 MLJ 249 and *Enkei Automotive Co Ltd & Ors v Bright Rims Manufacturing Sdn Bhd & Ors* [1998] 4 MLJ 474. The short answer is that these cases are merely instances where the application to set aside the TDO succeeded. In such instances, it is entirely proper and within the jurisdiction of the High Court

to order an order of assessment of damages. One must not forget that s 16 of the Act is draconian in terms. It permits a litigant to ex parte obtain a declaration that would effectively make some other person a criminal or at least prima facie a criminal.

Therefore, it is entirely consonant with justice that the person who invokes s 16 of the Act, if he fails to maintain his position, to be ordered to pay damages to a person who has successfully vindicated his rights in his application to discharge a TDO.

It is indeed for such a circumstance that O 92 r 4 of the Rules of the High Court 1980 exists by means of the court's inherent jurisdiction to do complete justice to a litigant. But that does not mean that an applicant, in addition to obtaining a TDO, is also entitled to damages, based on the authorities we have already cited.

It is strictly unnecessary therefore, by reason of what we have said thus far, to address the other arguments. But, in deference to the effort of appellant's counsel in formulating the argument and strenuously pursuing it, we feel we ought to say a few words about it.

It is trite law that there can be no assessment of damages unless there is an order awarding damages. This principle has been reiterated on numerous occasions.

In *Lai Yoke Ngan & Anor v Chin Teck Kwee & Anor* [1997] 2 MLJ 565, at p 582, it was said that:

> It is elementary law that there can be no assessment of damages in the absence of a judgment granting damages.

As pointed out by our learned brother, Abdul Kadir Sulaiman JCA in the course of the hearing, not once but on numerous occasions, there is absent any such order in this case. The learned judge's lament therefore matters not. Neither does it matter that liability may be assessed at one stage and an assessment done at another because that proposition has no application in the present instance at all. Even if it could be said that liability has been established, no judgment or award of damages was ever made in this case. We say 'even if' advisedly because there was no power in the High Court to find an alleged infringer civilly liable in damages under s 16 of the Act.

For the reasons already given, the appeal succeeds. The order of the learned judge is set aside. The respondent will pay the costs of the appellant in this court and the court below. The deposit paid by the appellant is to be refunded to it.

Before concluding this judgment, we would like to express our gratitude to counsel on both sides and especially to En Shaari Nor for his careful arguments.

Appellant's appeal allowed.

Reported by Lim Lee Na